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OCT 12 1994

October 12, 1994

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

Mr. William Caton
Acting Secretary
Federal Communications Commission
Room 222
Mail Stop 1170
1919 M. Street, N.W.
Washington, D.C. 20554

Re: PR Docket 94-105

Comment of GTE Service Corporation, on behalf of its
Telephone and Personal Communications Companies, in
Opposition to the Petition of the People of the State of
California and the Public Utilities Commission of the
State of California Requesting Authority to Regulate
Rates Associated with the Provision of Cellular Service
within the State of California
Errata

Dear Mr. Caton:

Attached is an Errata to pages 23, 68 and 70 of the above-captioned Comment. The Errata corrects minor typographical errors located on the three specified pages. As one of these pages is the signature page, William J. Sill has signed the signature page; the original filing date reflected on the signature page has not been changed. Should you have any questions in this regard, please do not hesitate to contact the undersigned counsel.

Sincerely,



William J. Sill
Christine M. Crowe
Counsel for GTE Service Corporation,
on behalf of its Telephone and
Personal Communications Companies

Enclosure

cc: P. Forbes
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upgrade the system in order to provide the most recent technological advancements available; the need to plan for future demand in light of the growth trend of the area; and the promotion of seamless coverage. The Petition also ignores service quality competition in its analysis. It fails to acknowledge the role of capacity in enabling carriers to increase coverage areas, provide better voice quality, and decrease the occurrence of busy channels and dropped calls, all of which allows a cellular carrier to differentiate its service from that of its competitors.

Second, the CPUC's underutilization analysis fails to reflect the fact that both the Communications Act of 1934, as amended, and the FCC's rules require and encourage the build-out of cellular systems. The Communications Act requires common carriers to provide service to all who reasonably request it. 47 U.S.C. §201. A carrier cannot provide service to all potential customers if that carrier has not placed into operation an adequate number of cellular facilities. Similarly, the FCC's rules require that cellular licensees in the first 90 MSAs propose CGSAs which cover 75 percent of the geographic area of the market, and that licensees in the remaining MSAs propose CGSAs which cover 75 percent of either the geographic area of, or population of, the market. Until recently, all licensees had to provide service to 75 percent of their proposed CGSAs within three years from the grant of their construction permits regardless of the

VI. CONCLUSION

The CPUC's Petition should be dismissed or, in the alternative, denied. The CPUC has failed to make the strong evidentiary showing required by Section 20.13 of the Commission's Rules in order to justify the vesting of rate regulatory authority in any entity other than the FCC. The CPUC relies upon irrelevant and improperly-calculated figures which are utilized selectively and incorrectly to support an erroneous conclusion that the cellular marketplace is insufficiently competitive.

The CPUC's utilization of rate of return is misplaced, as the FCC has previously rejected the imposition of such regulation upon cellular carriers, and the CPUC has historically found that cost-based regulation is inappropriate with respect to cellular carriers. The Petition's hypothesis that cellular carriers reap huge rates of return as a result of charging monopoly rents is unsupported by any reliable evidence. Further, the Petition evidences no acknowledgement of the substantial capital investments made by cellular carriers to develop their networks and provide reliable cellular service to increasingly large areas and the introduction of new technology and features to the marketplace.

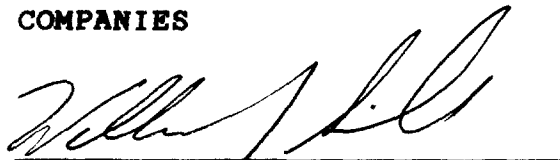
The rate trend evaluation is flawed. First, it ignores the benefits provided to subscribers by non-basic rates in the form of lower rates, increased free minutes of use and

preserved would conflict with FCC policies. Two examples of CPUC policies which are at odds with FCC policies are: 1) the CPUC's disparagement of the concept of parity as a "red herring"; and 2) its prohibition on the bundling of services and equipment. The Petition admits that the resale policy has been ineffective, as the CPUC reports that despite its efforts to assure resellers a guaranteed margin, resellers' market share continues to decline. Whereas the expected response from the CPUC may be more regulation, GTE respectfully submits the appropriate response would be less regulation so that competition could flourish in the wireless marketplace.

WHEREFORE, for the foregoing reasons, GTE respectfully requests that the Petition of the CPUC be dismissed or, in the alternative, denied.

Respectfully submitted,

GTE SERVICE CORPORATION
ON BEHALF OF ITS TELEPHONE
AND PERSONAL COMMUNICATIONS
COMPANIES



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September 19, 1994

CERTIFICATE OF SERVICE

I, Marnette Clemons, a secretary in the law firm of McFadden, Evans & Sill, do hereby certify that true copies of the foregoing "Errata" were sent this 12th day of October, 1994, by first-class United States mail, postage prepaid, to the following:

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